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State of New Hampshire
Department of Revenue Administration

109 Pleasant Street
PO Box 457, Concord, NH 03302-0457
Telephone 603-230-5005
www.revenue.nh.gov

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Lindsey M. Stepp
Commissioner

Ora M. LeMere
Assistant Commissioner

January 11, 2023

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

Sole Source

REQUESTED ACTION

Authorize the Department of Revenue Administration (DRA) to enter into a contract via Purchase Order with Fairfax Imaging, Inc., (VC #219548), Tampa, Florida, to expend ARPA funds for the procurement of a IBML Fusion 7400 High Speed Scanner and the refurbishment of an existing Imagetrack 6400 Scanner, in the amount of $378,500, effective upon Governor and Executive Council approval to be executed not later than June 30, 2023. 100% ARPA Federal funds.

The use of American Rescue Plan Act Coronavirus State Fiscal Recovery Funds for this procurement was approved by Governor and Executive Council on October 19, 2022 (Fiscal Item #22-354).

Funding is available in the following account:

01-84-84-840010-2675	**FY 2023**
	$378,500

In the event that Federal funds are no longer available, General Funds will not be requested for this procurement.

EXPLANATION

In accordance with DAS Manual of Procedure 150; Paragraph VII., Special Provisions Regarding the Department of Administrative Services, Section C; "When engaging in the procurement of commodities, the Department of Administrative Services (including any agency approved to purchase commodities directly from vendors in accordance with RSA 21-I:17-a II) shall submit such contracts to the Governor and Executive Council for approval if those contracts are at or above two hundred and fifty thousand dollars ($250,000).

The DRA requests authorization to waive competitive bidding pursuant to RSA 21-I:11, I(a)(2)(B), for the purchase and installation of the IBML Fusion 7400 scanner

and the refurbishment of the existing IBML IT6 scanner for $336,500 plus $42,000 in annual maintenance for the first year, as shown in the Fairfax Software quote contained in this package. The DRA requests authorization to waive upon a brand justification. Fairfax is the sole provider of the Quick Module software. The software is not available through resellers. Fairfax is also the only vendor that can support the integration of the software with the IBML high-speed scanners. Attached with this package is substantiation from Fairfax that it is the sole provider of the Quick Module software as well as the DoIT Maintenance Contract with Fairfax currently being used by the DRA.

Attached in this package is a waiver of competitive bid that was requested and approved by Commissioner Arlinghaus of the Department of Administrative Services.

To most effectively achieve its mission, DRA requires a new highspeed document scanner to efficiently process paper tax forms and payments (checks). Currently, DRA processes documents through two large highspeed scanners, an IBML IT5 and IBML IT6. The IBML IT5 was purchased in 2012 as part of the DRA's capital project to modernize front end processing, and was refurbished in 2019. The IBML IT6 was purchased in 2019 to ensure that the DRA has continuity of operations (if one scanner goes down, documents and money can still be processed through the second scanner) and to also ensure that documents and money are processed in a timely manner during the busy document processing months of March, April, October, and November.

DRA's IBML IT5 highspeed scanner is at its end of life. Both the image compression boards and cameras are out of date and no longer available. Once those parts fail on the IBML IT5, the DRA will be relying solely on the IBML IT6. At that point, without a second scanner, a maintenance issue that brings down the scanner during a high-volume period at the DRA would cause staff to revert to manual processing of tax forms and money, which is cumbersome and inefficient.

Approval of this request would allow the DRA to replace the IBML IT5 scanner and purchase components to upgrade and refurbish the IBML IT6 scanner to extend its useful life. By replacing the IBML IT5 scanner with a newer model, the DRA would experience a 10% faster throughput at base speed. The new scanner will also automatically separate documents, thus reducing upfront manual document preparation, and includes an upgraded camera that functions at a higher speed with increased clarity from 60 to 100 megapixels. In addition, the newer camera technology and document imaging enhancement capabilities provide the best images possible improving Intelligent Character Recognition read rates, which will require a significant reduction in manual data entry.

DRA staff working with the scanner are responsible for the majority of the manual data entry work resulting from the aging equipment, are entry level employees (labor grade 12). As these employees are promoted to higher positions within DRA or otherwise resign, we are finding it increasingly difficult to recruit for these positions; the increased functionality of the new scanner will help to alleviate some of the workload on these positions and subsequently, ensure the DRA maintains a sustainable level of production

with fewer staff. It is critical to DRA's mission that documents and money are processed in a timely and efficient manner.

Please approve this procurement by Purchase Order.

Respectfully submitted,

Lindsey M. Stepp

Lindsey M. Stepp
Commissioner of Revenue Administration

State of New Hampshire Purchase Order

PURCHASE ORDER NUMBER
1090163

This number must appear on all invoices, packages, cartons, bills of lading, and packing slips.

Date: 01/10/2023
Status: DRAFT
Ship Via:
FOB:
Freight Terms: Freight Allowed
Terms: Net 30
Due Days: 30

Bill To: DEPT OF REVENUE
109 PLEASANT ST
CONCORD NH 03301

FAIRFAX IMAGING; INC.
4921 MEMORIAL HIGHWAY STE 114
TAMPA FL 33634

Ship To:

REVENUE ADMINISTRATION DEPT OF
109 PLEASANT ST
CONCORD NH 03301

Vendor #: 219548
Contact: Mike Minter

Phone: 703 802 1220
Fax: 91 703 802 2878

Agency Contact: Shelley Gerlarneau 603-230-5016

In accordance with Quote & Refurbish

LINE	QTY	UOM	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
			Deliver on or before February 22, 2023 unless specified by line		
1	1.00	EA	FIRST YEAR MAINTENANCE FIRST YEAR MAINTENANCE	42,000.00000	42,000.00
2	1.00	EA	IBML FUSION 7400 4 FRAME IBML FUSION 7400 4 FRAME	245,375.00000	245,375.00
3	1.00	EA	REFURBISH IMAGETRAC 6400 SCANNER REFURBISH IMAGETRAC 6400 SCANN	28,800.00000	28,800.00
4	1.00	EA	HARDWARE INSTALLATION HARDWARE INSTALLATION	1,595.00000	1,595.00
5	1.00	EA	IMPLEMENTATION SVS implementation svs	55,730.00000	55,730.00
6	1.00	EA	SHIPPING shipping	5,000.00000	5,000.00
			Purchase Order Summary		
			Goods Total:		$378,500.00
			Order Total:		$378,500.00

As an authorized signatory Official for Fairfax Imaging I have signed and initialed the unreleased Purchase Order #1090163 and agree to all the Contract Terms and Conditions Herein Without Exception. I have attached a copy of the signed and initialed Contract Purchase Order and understand that this must be included in the Governor and Council Submission package to secure their authorization to proceed and approve this procurement

Signature Michael D Minter VP, SALES & MARKETING

Total Amount: **$378,500.00**

Buyer: Leo A Sorel
Phone: 603-271-2650
Process Level: 08400

1. The State of New Hampshire engages the firm or individual ("the Vendor") to perform the services and/or sale of goods, described in the attached State Proposal and the Vendor's proposal, bid or quotation, any of which are incorporated herein by reference.

2. COMPLIANCE BY VENDOR WITH LAWS AND REGULATIONS. In connection with the performance of this agreement, the Vendor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which shall impose any obligation or duty upon the Vendor, including, but not limited to civil rights and equal opportunity laws. In addition, the Vendor shall comply with all applicable copyright laws.

3. TERM. The contract and all obligations of the parties thereunder, shall become effective on a specified date and shall be completed in their entirety prior to a specified date. Any work undertaken by the Vendor prior to the effective date shall be at his sole risk and, in the event that the contract shall not become effective, the State shall be under no obligation to reimburse the Vendor for any such work.

4. CONTRACT PRICE. The contract price, a payment schedule and a maximum limitation of price shall be as specified by the proposal or bid invitation and the Vendor's response. All payments shall be conditioned upon receipt, and approval by the State, of appropriate vouchers and upon satisfactory performance by the Vendor, as determined by the State. The payment by the State of the Contract Price shall constitute complete reimbursement to the Vendor for all expenses of any nature incurred by the Vendor in the performance by the contractor and complete payment for the Services. The State shall have no other liability to the Vendor.

5. DELIVERY. If the Vendor fails to furnish items and/or services in accordance with all requirements, including delivery, the state may repurchase similar items from any other source without competitive process, and the original Vendor may be liable to the state for any excess costs.

If a Vendor is unable to complete delivery by the date specified, he must contact the using branch and or agency. However, the branch and or agency is not required to accept a delay to the original delivery date. All deliveries are subject to inspection and receiving procedure rules as established by the State of New Hampshire. Deliveries are not considered accepted until compliance with these rules has been established. State personnel signatures on shipping documents shall signify only the receipt of shipment.

6. INVOICING. All invoices must be in triplicate showing Order Number, Unit and Extension Prices and discounts allowed. A separate invoice shall be submitted for each order. Unless otherwise noted on the proposal or purchase order, payment will not be due until thirty(30) days after all services have been completed, or all items have been delivered, inspected and accepted or the invoice has been received , whichever is later.

7. PERSONNEL.

7.1. The Vendor shall disclose in writing the names of all owners (5% or more), directors, officers, employees, agents or subcontractors who are also officials or employees of the State of New Hampshire. Any change in this information shall be reported in writing within fifteen (15) days of their occurrence.

7.2. The person signing this agreement on behalf of the State, or his or her delegee ("Contracting Officer") shall be the State's representative for purposes of this agreement. In the event of any dispute concerning the interpretation of this agreement, the Contracting Officer's decision shall be final.

8. EVENT OF DEFAULT; REMEDIES.

8.1. Any one or more of the following acts or omissions of the Vendor shall constitute an event of default hereunder ("Events of Default").

8.1.1. failure to deliver the goods or services satisfactorily or on schedule; or

8.1.2. failure to submit any report required hereunder; or

8.1.3. failure to perform any of the other covenants and conditions of this agreement.

8.2. Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1. give the Vendor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty(30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this agreement, effective two (2) days after giving the Vendor notice of termination; and

8.2.2. give the Vendor a written notice specifying the Event of Default and suspending all payments to be made under this agreement and ordering that the portion of the Contract Price, which would otherwise accrue to the Vendor during the period from the date of such notice until such time as the State determines that the Vendor has cured the Event of Default, shall never be paid to the Vendor; and

8.2.3. set off against any other obligation the State may owe to the Vendor any damages the State suffers by reason of any Event of Default; and

8.2.4. treat the agreement as breached and pursue any of its remedies at law or in equity, or both.

9. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event, or any subsequent Event. No express failure of any Event of Default shall be deemed a waiver of any provision hereof. No such failure or waiver shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof regarding any further or other default on the part of the Vendor.

10. VENDOR'S RELATION TO THE STATE. In the performance of this agreement the Vendor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Vendor nor any of its officers, employees, agents or members shall have authority to bind the State nor are they entitled to any of the benefits, workmen's compensation or emoluments provided by the State to its employees.

11. ASSIGNMENT AND SUBCONTRACTS. The Vendor shall not assign, or otherwise transfer any interest in this agreement without the prior written consent of the State. No work required by this contract shall be subcontracted without the prior written consent of the State.

12. INDEMNIFICATION. The Vendor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the state, its officers and employees, by or on behalf of any person, on account of, based on, resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Vendor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this agreement.

12.1. PATENT PROTECTION. The Vendor agrees to indemnify and defend the State of New Hampshire from alleged and actual patent infringements and further agrees to hold the State of New Hampshire harmless from any liability arising under RSA 382-A:2-312(3). (Uniform Commercial Code).

13. TOXIC SUBSTANCES. In compliance with RSA 277-A known as the Workers Right to Know Act, the Vendor shall provide Material Safety Data Sheets with the delivery of any and all products covered by said law.

14. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given below.

15. AMENDMENT. This agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto.

16. CONSTRUCTION OF AGREEMENT AND TERMS. This agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns.

17. ADDITIONAL PROVISIONS. The additional provisions (if any) have been set forth as Exhibit "A" hereto.

18. ENTIRE AGREEMENT. This agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings relating hereto.

Initials _____

DEPARTMENT OF ADMINISTRATIVE SERVICES
DIVISION OF PROCUREMENT AND SUPPORT SERVICES
BUREAU OF PURCHASE AND PROPERTY
STATE HOUSE ANNEX
CONCORD, NEW HAMPSHIRE 03301-6398

DATE: 12/22/2022

TO: CHARLES ARLINGHAUS, COMMISSIONER
DEPT. OF ADMINISTRATIVE SERVICES

Requestor: Colin Capelle	**Agency:** Dept. of Revenue
Commodity: IBML Scanner - Technology	**Vendor:** Fairfax Imaging
RFB/RFP/RFQ (if applicable) N/A	**Contract:** N/A
Est. Amount: $378,500	

PERMISSION IS HEREBY REQUESTED TO WAIVE THE COMPETITIVE BID REQUIREMENTS OF RSA 21-I:11, I(A)(3) AND ADMINISTRATIVE RULE 600 FOR THE FOLLOWING REASONS:

The Department of Revenue (DRA) has offered the attached justifications to waive the competitive bidding requirements to replace a high speed scanner, refurbish an existing high speed scanner, and support annual maintenance on these scanners from the sole provider of a particular embedded software solution currently set in place for DRA operations. The provided justifications and overall need of the agency in this instance does appear to merit pre-approval and subsequent formal approval via G&C by way of the DRA.

SUBMITTED FOR ACCEPTANCE BY:

CSC 2022.11.21 11:19:24 -05'00' MJS 12/22/2022

PA / ADMIN / DEPUTY DIRECTOR
BUREAU OF PURCHASE AND PROPERTY

APPROVED FOR ACCEPTANCE BY:

for 12/23/2022
GARY S. LUNETTA, DIRECTOR
DIVISION OF PROCUREMENT & SUPPORT SERVICES

ACCEPTED FOR THE STATE OF NEW HAMPSHIRE UNDER THE AUTHORITY GRANTED TO ME BY NEW HAMPSHIRE REVISED STATUTES, ANNOTATED 21-I:14, XII.

CHARLES M. ARLINGHAUS, COMMISSIONER
DEPARTMENT OF ADMINISTRATIVE SERVICES

DATE 12/27/22

form revision 10/22 GSL

STATE OF NEW HAMPSHIRE
DEPARTMENT OF INFORMATION TECHNOLOGY
27 Hazen Dr., Concord, NH 03301
Fax: 603-271-1516 TDD Access: 1-800-735-2964
www.nh.gov/doit

Denis Goulet
Commissioner

January 11, 2023

Lindsey M. Stepp, Commissioner
Department of Revenue Administration
State of New Hampshire
109 Pleasant Street
Concord, NH 03301

Dear Commissioner Stepp:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your agency's request to enter into a Purchase Order with Fairfax Imaging, Inc. of Tampa, FL, as described below.

> The Department of Revenue Administration requests approval to enter into a Purchase Order with Fairfax Imagining, Inc. to expend ARPA funds for the procurement of an IBML Fusion 7400 High Speed Scanner and the refurbishment of an existing IBML IT6 scanner, in the amount of $378,500 effective upon Governor and Executive Council approval to be executed not later than June 30, 2023.

A copy of this letter shall accompany your agency submission to the Governor and Executive Council for approval.

Sincerely,

Denis Goulet

DG/RA

cc: Karen Sampson, IT Manager, DoIT

FAIRFAXSOFTWARE

Karen Sampson December 21, 2022

Sent by Email

Hello Karen:

Fairfax Imaging (dba Fairfax Software) is providing the below configuration and purchase price for replacing the current ibml ImageTrac 5400 scanners at New Hampshire Department of Revenue Administration (NH DOR) and integration with the *Quick* Modules system.

Fairfax Software has implemented ibml scanners in numerous State Government locations and is confident of the scanners ability to do the job. Due to our experience with these types of devices, we are recommending the ibml FUSiON scanners as the choice for replacement of the current ImageTrac 5400 scanners. Current scanner jobs will be moved to the new FUSiON Scanners. The provided FUSiON scanner will be a flat track design to minimize jams (no raised stackers). The scanner is configured with Windows 10 OS, which is the same as what is installed today.

Fairfax Software is providing a discount from list price to reduce the purchase price. As the largest ibml reseller and implementation specialists, Fairfax Software enjoys a position where we can pass along these types of incentives to NH DOR.

Product Description	Quantity	Unit Selling Price	Extended Selling Price
ibml Fusion 7400 Four Frame 5 Dec 2 Full Size Pockets with Run-out (55 ips)	1	$ 262,875	$ 262,875
E13B MICR Reader			
Post Image, Single Head IJP			
Computers, Embedded Controller (Windows 10)			
SoftTrac Scan Advanced			
DocNetics Barcode 1D			
DocNetics 2D and PostNet Add-on			
DocNetics ChecksAll, Dual Camera			
Hardware Installation	1	$ 1,595	$ 1,595
Shipping/Freight	1	$ 5,000	$ 5,000
Implementation Services to include Project Management, Software Configuration/Job Setup and Integration, Training and Testing.			$ 55,730
Fairfax Software Repeat Client Discount			**$ (17,500)**
TOTAL PURCHASE PRICE			**$ 307,700**
First Year Annual Maintenance			**$ 42,000**

Notes:

- Payment for the FUSiON scanners will be due and payable upon installation of scanner; payment for Implementation Services will be due and payable upon system acceptance.
- Warranty and Maintenance services include all parts and labor. Coverage is from Monday through Friday, 8AM to 5PM EST.

FAIRFAXSOFTWARE

- Pricing is valid till February 28, 2023.
- The Annual Support and Maintenance pricing does not include any other consumables (example, Ink Jet Cartridges, feed tire and feed belts, cleaning materials, etc.) and will be the responsibility of NH DOR.
- NH DOR will be responsible for all testing materials and test scripts necessary to test the scanners prior to acceptance.
- Pricing does not include any additional scanner or *Quick* Modules jobs or application changes.

NH DOR will be responsible for supplying and configuring of a file server and SQL database server which meets the manufacturer's specifications. It is assumed these components are in place today for the existing ImageTrac 5400, however for exact requirements and configuration please reference, ibml's "ibml scanners for IT Professionals FUSiON Jan2021" document attached as part of this quotation.

Please let me know if you have any questions or need additional information.

Thanks,

Michael D. Minter

Michael D. Minter
VP, Sales, and Marketing

FAIRFAXSOFTWARE

Karen Sampson December 22, 2022

Sent by Email

Hello Karen:

Fairfax Imaging (dba Fairfax Software) is providing the below information for refurbishment of the ImageTrac 6400 scanner currently installed at New Hampshire Department of Revenue Administration (NH DRA).

Terry Wasden, VP of Customer Support for ibml, feels the Auto Feeder, Registration module and Camera section can be brought up to factory specifications on site by the local field engineer as part of onsite maintenance. The two pockets and the post Ink Jet Printer need to come back to ibml for refurbishment and testing. Below is the cost breakdown and implementation description of the refurbishment effort.

Initial Trip

- Trip to NH DRA for inspection of unit and Field Service removal of two (2) pocket module and one post Ink Jet Printer.
- Shipping of pocket module and Ink Jet Printer to ibml facilities in Birmingham, Alabama.

Refurbished Pockets & Post Ink Jet Printer at ibml facilities

- 24 hours refurbish two Pockets and Post IJP
- 16 hours testing for two Pockets and one Post IJP
- Shipping of pocket module and Ink Jet Printer to NH DRA

Second Trip

- Trip to NH DRA
- Re-Assembly of Post IJP and two pockets
- Test to ensure Post IJP and two pockets function as expected.
- Clean and replace other parts identified in initial trip.
- Test overall functionality of the scanner
- Transition scanner to operations
- Monitor operations to ensure scanner is performing as expected.

Total Cost: $28,800.

Notes:

- Pricing is valid until February 28, 2023.
- NH DOR will be responsible for all testing materials and test scripts necessary to test the scanners upon completion of refurbishment.
- Pricing does not include any additional scanner or *Quick* Modules jobs or application changes.

Please let me know if you have any questions or need additional information.

Thanks,

Michael D. Minter

Michael D. Minter
VP, Sales, and Marketing

2005 Pan Am Circle, Ste. 110 / TAMPA / **FLORIDA** / 33607 / **PH: 703.802.1220** / FAX: 703.802.2878 **WWW.FAIRFAXSOFTWARE.COM**